

## Message Text

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ORIGIN EA-09

INFO OCT-01 ISO-00 EB-08 CIAE-00 DODE-00 PM-05 H-01  
INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02  
SS-15 USIA-06 COME-00 OES-07 /071 R

DRAFTED BY EA/J:SMECTON:KAM  
APPROVED BY EA:MR. COOPER  
EA/J:NPLATT  
EB/ITP/OT:WGBARRACLOUGH  
-----058960 092210Z /75  
P 092056Z AUG 77  
FM SECSTATE WASHDC  
TO AMEMBASSY TOKYO PRIORITY

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E.O. 11652: N/A

TAGS: EMIN, ETRD, JA

SUBJECT: AMAYA CALL ON COOPER

1. DURING CALL ON UNDER SECRETARY ON AUGUST 5, MITI DIRECTOR-GENERAL, BASIC INDUSTRY BUREAU, NAOHIRO AMAYA EXPRESSED CONCERN ABOUT US STEEL INDUSTRY COMPLAINTS ABOUT JAPANESE STEEL EXPORTS. AMAYA STRESSED THAT STABLE ACCESS TO THE US MARKET WAS VITAL TO JAPANESE STEEL COMPANIES AND THAT JAPANESE COMPANIES HAD NO PLANS TO EXPAND EXPORTS RAPIDLY. AMAYA NOTED THAT THE JAPANESE STEEL INDUSTRY NO LONGER BENEFITS FROM VIGOROUS PRIVATE INVESTMENT, AND HAS NO CURRENT PLANS FOR INVESTMENT IN NEW FACILITIES OR EXPANSION OF EXISTING ONES.

2. HE SAID THAT HE UNDERSTOOD THAT THE US WAS NOT IN FAVOR OF QUANTITATIVE RESTRICTIONS BUT WAS MORE INTERESTED IN  
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PRICES. COOPER IDENTIFIED THE STIMULATION OF DOMESTIC DEMAND AS THE FIRST PRIORITY FOR A GLOBAL SOLUTION. HE FURTHER STRESSED THAT JAPANESE EXCHANGE RATE POLICY HAS AGGRAVATED PRICING POLICY. HE NOTED THAT THE ACCUMULATION OF ONE BILLION DOLLARS IN FOREIGN EXCHANGE IN THE LAST SIX MONTHS WAS SOMETHING AKIN TO EXCHANGE RATE DUMPING.

3. AMAYA AGREED THAT DEMAND SHOULD BE STIMULATED BUT SAID THAT THE GOJ IS UNSURE HOW TO DO THIS. HE ASKED IF THE US THOUGHT THE BANK OF JAPAN WAS ARTIFICIALLY SUPPORTING THE YEN RATE. COOPER REPLIED THAT FROM WHAT WE WERE TOLD IN FEBRUARY WE WOULD HAVE THOUGHT THAT THERE WOULD HAVE BEEN LESS INTERVENTION THAN THERE APPEARS TO HAVE BEEN.

4. AMAYA RAISED ARTICLE 205B OF THE FAIR TRADE ACT (COST OF PRODUCTION INVESTIGATION) AS A FORMIDABLE NTB THAT CAUSES TREMENDOUS RED TAPE PROBLEMS AS WELL AS POSSIBLE DIVULGENCE OF PROPRIETARY INFORMATION.

5. COOPER, IN CONCLUSION, SAID THAT THE USG HAS NO DEFINITIVE ANSWER TO THE STEEL PROBLEM. HE SAID THAT MULTI-LATERAL TALKS IN THE OECD WILL BE USEFUL TO CLARIFY THE SITUATION AND ACQUIRE A BETTER UNDERSTANDING OF THE FUTURE SUPPLY/DEMAND PROSPECTS. ALTHOUGH WE HAVE CONSIDERED SOME POSSIBILITIES FOR RESOLVING THE PROBLEM OF LOW PRICES, WE HAD NO DEFINITE IDEAS AS YET. HE STRESSED THAT THE US RETAINS A STRONG COMMITMENT TO FREE COMPETITION BECAUSE OF THE PRICE AND EFFICIENCY RESTRAINTS THAT IT BRINGS, AND WE WISH TO DO EVERYTHING POSSIBLE TO CONTINUE TO SUPPORT FREE TRADE. CHRISTOPHER

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** COMMODITIES, INDUSTRIAL EXPORTS, STEEL PLANTS, FOREIGN EXCHANGE RATES  
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**Disposition Approved on Date:**  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
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**Executive Order:** N/A  
**Errors:** N/A  
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**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**TAGS:** EMIN, ETRD, JA, US  
**To:** TOKYO  
**Type:** TE  
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**Review Markings:**  
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